

SUGAR HOUSE PARK AUTHORITY

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
AND
FINANCIAL STATEMENTS**

December 31, 2005 and 2004

HANSEN, BARNETT & MAXWELL
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

SUGAR HOUSE PARK AUTHORITY

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Registered with the Public Company
Accounting Oversight Board



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Members of the Board of Trustees
Sugar House Park Authority

We have audited the accompanying balance sheets of Sugar House Park Authority (the "Authority") as of December 31, 2005 and 2004 and the related statements of revenues and expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sugar House Park Authority as of December 31, 2005 and 2004, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2006 on our consideration of the Sugar House Park Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Hansen, Barnett & Maxwell".

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah

April 3, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Sugar House Park Authority (the Organization), we offer readers of the Organization's financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal year ended December 31, 2005.

History and Background of Government

Sugar House Park Authority was organized on July 16, 1957, when 116 acres of land, generally known as the old Salt Lake Prison site, were conveyed jointly by Salt Lake City and Salt Lake County to the Sugar House Park Authority, as trustee in trust, until December 31, 2055. Salt Lake City and Salt Lake County have agreed to jointly donate funds annually for the continued operation of Sugar House Park. The funds have not been restricted as to use by either of the governmental agencies. Reservation fees for the use of park facilities, rental income and interest income are the only other significant sources of revenue.

Financial Highlights

At December 31, 2005, the Organization had \$1,420,575 in assets, compared to \$1,347,077 at December 31, 2004.

The Organization's revenues and expenses do not vary significantly from year to year. The Organization's primary source of revenue is received from Salt Lake City and Salt Lake County. This revenue is utilized to maintain the park's operations. In 2001, the Organization began to receive rental income from Qwest Communications for a cellular phone tower built within the park. In 2005 and 2004, the Organization's operations were such that expenses did not fluctuate significantly.

The Organization generated cash of \$157,420 in operations in 2005 and used cash of \$39,209 from operations in 2004, respectively. The primary reason for this difference in cash was due to the timing of payments from Salt Lake City and Salt Lake County.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Organization's basic financial statements. Since Sugar House Park Authority is a joint venture of Salt Lake County and Salt Lake City, it is subject to the requirements of GASB Statement No. 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities*. This statement does not allow the use of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, or SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the accompanying financial statements do not reflect the provisions of SFAS No. 116 or 117.

Financial Analysis

The Organization's net assets, may serve over time, as a useful indicator of an organization's financial position. In the case of the Organization, assets exceeded liabilities by \$1,246,825 at the close of the most recent fiscal year.

By far the largest portion of the Organization's net assets (88%) reflects its investment in capital assets (e.g. land, buildings, related improvements, and construction in progress), net of accumulated depreciation. The Organization uses these capital assets to maintain the park and enhance the community's enjoyment of the park; consequently, these assets are not available for future spending. The following table describes the Organization's Net Assets:

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 322,025	\$ 166,308
Property and equipment	<u>1,098,550</u>	<u>1,180,769</u>
Total assets	<u>1,420,575</u>	<u>1,347,077</u>
Accounts payable	165,327	-
Deferred revenue	<u>8,423</u>	<u>8,099</u>
Total liabilities	<u>173,750</u>	<u>8,099</u>
Net assets:		
Invested in capital assets, net of accumulated depreciation	1,098,550	1,180,769
Unrestricted	<u>148,275</u>	<u>158,209</u>
Total net assets	<u>\$ 1,246,825</u>	<u>\$ 1,338,978</u>

At the end of the current year, the Organization is able to report positive balances in both categories of net assets. The same situation held true for the prior year.

The Organization's net assets decreased by \$92,153 during 2005.

Key elements of the increase (decrease) in net assets are as follows:

	<u>2005</u>	<u>2004</u>
Revenues:		
Contributions	\$ 333,088	\$ 336,582
Reservation fees	51,883	41,320
Interest income	3,277	2,465
Rental income	8,099	7,788
Total revenues	<u>396,347</u>	<u>388,155</u>
Expenses:		
General	391,924	376,533
Depreciation	96,576	91,560
Total expenses	<u>488,500</u>	<u>468,093</u>
Increase (Decrease) in net assets	(92,153)	(79,938)
Net Assets – beginning of year	<u>1,338,978</u>	<u>1,418,916</u>
Net Assets – end of year	<u><u>\$ 1,246,825</u></u>	<u><u>\$ 1,338,978</u></u>

Budgetary Highlights

For the year ended December 31, 2005, the Organization budgeted for \$394,397 in operating revenues and actually received \$396,347.

For the year ended December 31, 2005, the Organization budgeted for \$409,812 of general expenses. The actual general expenses for the year were \$391,924.

Property and Equipment

The Organization's investment in property and equipment as of December 31, 2005 amounts to \$1,098,550 net of accumulated depreciation. This investment includes land, buildings and related improvements. Improvements increased by \$14,357 during the year ended December 31, 2005.

Organization's Property and Equipment (net of depreciation)

	<u>2005</u>	<u>2004</u>
Land	\$ 210,600	\$ 210,600
Improvements	887,950	970,169
Construction in progress	-	-
Total	<u><u>\$ 1,098,550</u></u>	<u><u>\$ 1,180,769</u></u>

Requests for Information

This financial report is designed to provide a general overview of the Organization's finances for all those with an interest. Questions regarding any of the information provided in this report or requests for additional information should be addressed to the Board of Sugar House Park Authority, 3383 South 300 East, Salt Lake City, Utah, 84115.

**SUGAR HOUSE PARK AUTHORITY
BALANCE SHEETS
DECEMBER 31, 2005 AND 2004**

ASSETS

	<u>2005</u>	<u>2004</u>
Current Assets		
Cash and cash equivalents	\$ 315,655	\$ 160,892
Receivable from Salt Lake County	850	-
Prepaid insurance	<u>5,520</u>	<u>5,416</u>
Total Current Assets	<u>322,025</u>	<u>166,308</u>
Property and Equipment		
Land	210,600	210,600
Improvements	2,166,248	2,151,891
Buildings	375,402	375,402
Construction in progress	-	-
Accumulated depreciation	<u>(1,653,700)</u>	<u>(1,557,124)</u>
Net Property and Equipment	<u>1,098,550</u>	<u>1,180,769</u>
Total Assets	<u><u>\$ 1,420,575</u></u>	<u><u>\$ 1,347,077</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 1,771	\$ -
Payable to Salt Lake County	163,556	-
Deferred revenue	<u>8,423</u>	<u>8,099</u>
Total Current Liabilities	<u>173,750</u>	<u>8,099</u>
Net Assets		
Invested in property and equipment	1,098,550	1,180,769
Unrestricted	<u>148,275</u>	<u>158,209</u>
Total Net Assets	<u>1,246,825</u>	<u>1,338,978</u>
Total Liabilities and Net Assets	<u><u>\$ 1,420,575</u></u>	<u><u>\$ 1,347,077</u></u>

The accompanying notes are an integral part of these financial statements.

**SUGAR HOUSE PARK AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
Operating Revenues		
Salt Lake City contribution	\$ 166,544	\$ 166,544
Salt Lake County contribution	166,544	166,544
Reservation fees	<u>51,883</u>	<u>41,320</u>
Total Operating Revenues	<u>384,971</u>	<u>374,408</u>
Operating Expenses		
Fourth of July celebration	44,876	35,025
Insurance expense	15,693	15,065
Professional fees	3,642	3,750
Miscellaneous expenses	601	277
County maintenance contract	327,112	322,416
Depreciation expense	<u>96,576</u>	<u>91,560</u>
Total Operating Expenses	<u>488,500</u>	<u>468,093</u>
Operating Loss	<u>(103,529)</u>	<u>(93,685)</u>
Nonoperating Revenues		
Park donation	-	3,494
Interest income	3,277	2,465
Rental income	<u>8,099</u>	<u>7,788</u>
Total Nonoperating Revenues	<u>11,376</u>	<u>13,747</u>
Decrease in Net Assets	(92,153)	(79,938)
Net Assets - Beginning of Year	<u>1,338,978</u>	<u>1,418,916</u>
Net Assets - End of Year	<u><u>\$ 1,246,825</u></u>	<u><u>\$ 1,338,978</u></u>

The accompanying notes are an integral part of these financial statements.

**SUGAR HOUSE PARK AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities		
Contributions received	\$ 333,088	\$ 333,088
Reservation receipts from customers	51,033	41,320
Payments to suppliers	<u>(226,701)</u>	<u>(413,617)</u>
Net Cash from Operating Activities	<u>157,420</u>	<u>(39,209)</u>
Cash Flows from Investing Activities		
Purchase of equipment	(14,357)	(37,258)
Park donation	-	3,494
Interest received	3,277	2,465
Rents received	<u>8,423</u>	<u>8,099</u>
Net Cash from Investing Activities	<u>(2,657)</u>	<u>(23,200)</u>
Net Change in Cash	154,763	(62,409)
Cash at Beginning of Year	<u>160,892</u>	<u>223,301</u>
Cash at End of Year	<u><u>\$ 315,655</u></u>	<u><u>\$ 160,892</u></u>
Reconciliation of Expenses Over Revenues to Net Cash from Operating Activities:		
Operating loss	\$ (103,529)	\$ (93,685)
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	96,576	91,560
Changes in assets and liabilities:		
Receivable from Salt Lake County	(850)	-
Prepaid insurance	(104)	(179)
Accounts payable	1,771	(36,905)
Payable to Salt Lake County	<u>163,556</u>	<u>-</u>
Net Cash from Operating Activities	<u><u>\$ 157,420</u></u>	<u><u>\$ (39,209)</u></u>

The accompanying notes are an integral part of these financial statements.

**SUGAR HOUSE PARK AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sugar House Park Authority was organized on July 16, 1957, when 116 acres of land, generally known as the old Salt Lake Prison site, were conveyed jointly by Salt Lake City and Salt Lake County to the Sugar House Park Authority, as trustee in trust, until December 31, 2055. Salt Lake City and Salt Lake County have agreed to jointly donate funds annually for the continued operation of Sugar House Park. The funds have not been restricted as to use by either of the governmental agencies. Reservation fees for the use of park facilities, rental income and interest income are the only other significant sources of revenue. Both Salt Lake County and Salt Lake City consider the park a joint venture, and each reports the Park Authority's financial activity as a joint venture in their respective financial statements.

Basis of Presentation

Accounting Policies—As a joint venture of the Salt Lake County and Salt Lake City, the Authority is subject to the requirements of GASB Statement No. 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles By Governmental Entities*. This statement does not allow the use of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, or SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, or SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Accordingly, the accompanying financial statements do not reflect the provisions of SFAS No. 116, 117, or 124. The Authority has adopted GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting* whereby the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

The operations of the Authority are accounted for by a set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues, and expenses. The Authority uses the accrual basis of accounting.

Property and Equipment — Acquisitions of property and equipment are capitalized. Cost of maintenance, repairs and minor renewals are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated lives of the assets ranging from 5 to 35 years.

Income Tax Status — The Authority is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under the State of Utah tax regulations and, therefore, is not subject to federal or state income taxes on its exempt activities.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Deferred Revenue — Deferred revenue is recorded when cash or other assets are received prior to being earned.

Concentration of Business Transactions — The Authority is subject to a concentration risk from the revenue received from Salt Lake County and Salt Lake City to execute its maintenance contracts. During the years ended December 31, 2005 and 2004, 84% and 87% of the total revenue earned by the Authority was a result of the maintenance contract with the County and City.

A five-year contract was signed between Sugar House Park Authority and Salt Lake County Parks and Recreation Department in May 2002. Under the contract, Salt Lake County Parks and Recreation is responsible for daily management, operation and maintenance of the Park

NOTE 2—CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consists of cash and short-term investments with on original maturity of three months or less. Cash, depending on source of receipts, is pooled, except when legal requirements dictate the use of separate accounts.

Cash Deposits — The carrying amount of the Authority's deposits with financial institutions at December 31, 2005 and 2004 was \$213,373 and \$42,231, respectively, and the bank balance was \$213,636 and \$203,440, respectively. Of the bank balance at December 31, 2005 and 2004, \$113,636 and \$103,440, respectively, was in excess of federal depository insurance. No deposits are collateralized.

Deposit Custodial Credit Risk — Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The State of Utah does not require collateral on deposits.

Investments — The Authority's deposits and investment policy follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Chapter 7) in handling its depository and temporary investing transactions. This law requires the depositing of Authority funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Authority and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. Allowable investments under the Act include:

1. Negotiable or nonnegotiable deposits of qualified depositories,
2. Repurchase agreements with qualified depositories or primary reporting dealers,
3. Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors if the remaining term to maturity is 180 days or less,
4. Bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of 180 days or less,
5. Obligations of the United States Treasury, including bills, notes and bonds,
6. Obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary

reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporations, or Student Loan Marketing Association.

7. Shares or certificates in any open-end management investment company registered with the Securities and Exchange under the Investment Company Act of 1940, the portfolio of which is restricted by law or agreement to investments in which public funds may be invested directly.

A State Money Management Council was created under the State Money Management Act consisting of five individuals appointed by the Governor and qualified by training and experience in the fields of investing and finance. In performing its functions and responsibilities, the council provides a measure of depository protection. The council issues a list of qualified depositories to public treasurer's quarterly, and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the council. State law and council rules govern the finance reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

As of December 31, 2005, the Authority has invested funds totaling \$102,282 with the Utah Public Treasurer's Investment Fund (PTIF). The Utah State Treasurer's Office operates the PTIF which is invested in accordance with the State Money Management Act. The State Money Management Council provides regulatory oversight for the PTIF.

The investments with the State bore interest at 4.15% at December 31, 2005. The carrying amount is materially equal to fair value. All securities comprising the PTIF comply with strict investment criteria required by the Utah Money Management Act. All practices of the Fund are under the monthly scrutiny of the Utah Money Management Act. The Utah State Auditor audits the Fund each year. The degree of risk of the fund depends upon the underlying portfolio. Parties interested in learning what specific investments comprise the State Treasurer's Fund may contact the Utah State Treasurer's Office.

Investment Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Summary – The above described cash deposits and investments are summarized and presented in the financial statements at fair value in accordance with the following analysis:

	December 31, 2005	December 31, 2004
Deposits	\$ 213,373	\$ 42,231
Investments	102,282	118,661
Cash and cash equivalents	\$ 315,655	\$ 160,892

NOTE 3 – PROPERTY AND EQUIPMENT

The following table summarizes the change in property and equipment during the years ended December 31, 2005 and 2004:

	Balance December 31, 2004	Additions	Retirements	Reclassified	Balance December 31, 2005
Capital assets, not being depreciated:					
Land	\$ 210,600	\$ -	\$ -	\$ -	\$ 210,600
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	210,600	-	-	-	210,600
Capital assets, being depreciated:					
Improvements other than buildings	2,151,891	14,357	-	-	2,166,248
Buildings	375,402	-	-	-	375,402
Total capital assets, being depreciated	2,527,293	14,357	-	-	2,541,650
Less: accumulated depreciation	(1,557,124)	(96,576)	-	-	(1,653,700)
	970,169	(82,219)	-	-	887,950
Capital assets, net	\$ 1,180,769	\$ (82,219)	\$ -	\$ -	\$ 1,098,550

	Balance December 31, 2003	Additions	Retirements	Reclassified	Balance December 31, 2004
Capital assets, not being depreciated:					
Land	\$ 210,600	\$ -	\$ -	\$ -	\$ 210,600
Construction in progress	209,832	-	-	(209,832)	-
Total capital assets, not being depreciated	420,432	-	-	(209,832)	210,600
Capital assets, being depreciated:					
Improvements other than buildings	1,904,801	37,258	-	209,832	2,151,891
Buildings	375,402	-	-	-	375,402
Total capital assets, being depreciated	2,280,203	37,258	-	209,832	2,527,293
Less: accumulated depreciation	(1,465,564)	(91,560)	-	-	(1,557,124)
	814,639	(54,302)	-	209,832	970,169
Capital assets, net	\$ 1,235,071	\$ (54,302)	\$ -	\$ -	\$ 1,180,769

Depreciation expense for the years ended December 31, 2005 and 2004 was \$96,576 and \$91,560, respectively.

NOTE 4 – RELATED-PARTY TRANSACTIONS

As of December 31, 2005, the Authority was owed \$850 by Salt Lake County. As of December 31, 2005 the Authority also owed \$163,556 to Salt Lake County for expenses relating to the maintenance of facilities.

NOTE 5 – RENTAL INCOME

In December 2001, the Authority entered into a rental income contract with a telecommunications company. Under terms of the contract, the Authority will receive \$600 per month in rental income, payable in one lump sum on or before January 15th of each year. Annual rent will increase each following year by four percent. The contract expires in 2026. Following is a schedule of future minimum lease payments to be received under the lease:

<u>Year Ended December 31,</u>	
2006	\$ 8,423
2007	8,760
2008	9,110
2009	9,475
2010	9,854
Thereafter	<u>223,661</u>
	<u>\$ 269,283</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Honorable Members of the Board of Trustees
Sugar House Park Authority

We have audited the financial statements of Sugar House Park Authority, as of and for the year ended December 31, 2005, and have issued our report thereon dated April 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sugar House Park Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sugar House Park Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, management, and funding entities.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
April 3, 2006